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Policemen's Pension and Relief Fund  
Thursday, November 10, 2011

On Thursday, November 10, 2011 at approximately 9:00 a.m., a meeting of the Board of Trustees of the Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities Conference Room at City Hall.

## **Agenda Item #1. Call to Order/Roll Call**

[00.00.23 into the pension audio]

The Chairman called the meeting to order at approximately 9:00 hours and certified that a quorum of the Board was present. The Roll Call was as follows:

PRESENT:	Rusty Watson	Acting Chairman
	Sara Lenehan	Treasurer
	Steve Young	Secretary
	Farris Hensley	Member
	Lee Harrod	Member
	Don Wood	Member

ABSENT:        Bruce Moore                    Chairman

Also present were Ms. Joan Adcock, of the City Board of Directors; Mr. Bo Brister and Mr. Alex Jordan, Stephens Capital Management, Financial Consultants for the Fund; Mr. Roger Smith the Pension Fund Lobbyist; and Ms. Debbie Pharr and Ms. Kathy Lindsey, of the Pension Fund Administrative Staff.

## **Agenda Item #2. Notification of News Media.**

[00.00.33 into the pension meeting audio.]

The Chairman stated the media had been properly notified in a letter to the Arkansas Democrat Gazette dated November 1, 2011.

**Agenda Item #3. Exigent Business.**

[00.00.40 into the pension meeting audio.]

A. Update on Projected Insolvency and LOPFI Merger — Ms. Lenehan made a motion to remove this item from our Agenda because it had already been covered in the Funding Committee Meeting. Mr. Hensley seconded that motion that passed by a unanimous vote of the Board.

#### **Agenda Item #4. Approval of the October Regular Meeting Minutes**

[00.01.48 into the pension meeting audio.]

Mr. Hensley made a motion to approve the October Regular Meeting Minutes and Mr. Wood seconded the motion that passed by a unanimous vote of the Board.

**Agenda Item #5. Report from Board Legal Consultant**

[00.02.18 into the pension meeting audio.]

[Legal Consultant was not present.]

**Agenda Item #6. Report from Board Financial Consultant**

[00.02.35 into the pension meeting audio]

A. October Financial Report —Mr. Brister, Financial Consultant for the Fund, gave the October 2011 financial report and stated that on October 31, 2011, the market value of the total Fund was \$43,377,412, not including accrued income of \$42,350. Of that amount, \$24,319,442.28 was allocated to DROP and the Fund's non-DROP portion was \$19,057,969.72. This represents an increase in the account balance of \$1,362,620 since the September 30, 2011 total amount of \$42,014,792. The component of this change was unrealized income of \$120,477.10 and net contributions/withdrawals of (\$906,626.37). [Note: The amounts quoted in the previous sentence are drawn from figures available in other sections of the financial report and are not presented for computational value.] The Fund's overall market rate of return for the month of October 2011 was 5.57% and 1.78% calendar year to date.

B. Discussion of European market [00.27.23 into the pension meeting audio] — Mr. Young asked for a report from the investment advisers on what they expected from the current crisis in the European market. They basically stated that, while there is considerable volatility in the European market, they believe the result will be that those problems will ultimately be fixed by the countries involved and, if that were not true, they were in an excellent defensive position to respond to any subsequent negative changes in the market if necessary.

C. Discussion of PDF report [00.56.33 into the pension meeting audio] — Mr. Young asked for a copy of the investment advisers financial report to the Board in PDF format. They agreed to provide a PDF of the primary graph of the Board's investment returns each month.

**Agenda Item #7. Report of Board Lobbyist**

[00.57.28 into the pension meeting audio]

Mr. Smith reported that he does not expect any efforts to change anything in the police and fire pension plans in the 2013 legislative session although there may be some "push back" by some on Act 979 that has been very valuable to this pension fund.

[After this report, it was determined to go to Agenda Item #10 because of a medical appointment that the Treasurer needed to attend.]

**Agenda Item #8. Report from Board Chairman**

- A. Report on non-smoker's insurance premium discount — [Tabled until the next meeting due to the absence of the chairman.]

**Agenda Item #9. Report from Board Secretary**

[01.52.13 into the pension meeting audio.]

- A. Change in Minutes to include the non-DROP fund total in our Minutes under the "Report from Board Financial Consultant — Mr. Young stated he added the non-DROP fund total into the Minutes to prevent our members from having to calculate that total every month.
- B. Change in emailed pension meeting packet files for our membership — Mr. Young reported that he had changed the pension meeting packets to only one Adobe PDF format file that can be opened with the free Adobe Reader containing the five previous Word files to make it easier for our membership to read without having to open several files or purchase Microsoft Word.

**Agenda Item #10. Report from Board Treasurer [Out of Agenda Order]**

[01.08.16 into the pension meeting audio.]

- A. Financial Reports for September and October —

September: The Treasurer submitted copies of the un-audited financial report for September 30, 2011. Net Income/Loss to the plan year to date was (\$6,162,962). The report indicated that as of September 30, 2011, the total account fund balance including the DROP was \$42,844,410. The net income/loss for the month of September was (\$1,698,843).

Also submitted were copies of the September 2011 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$2,941.76 for the month and \$32,186.97 year to date. Legal fees paid were \$87,209.42 year to date.

Following the review of the September financial and expense reports, Mr. Harrod made a motion to approve them as submitted that was seconded by Mr. Hensley. The motion passed by a unanimous vote of the Board.

October: The Treasurer submitted copies of the un-audited financial report for October 31, 2011. Net Income/Loss to the plan year to date was (\$4,781,266). The report indicated that as of October 31, 2011, the total account fund balance including the DROP was \$44,226,106. The net income/loss for the month of October was (\$4,781,266).

Also submitted were copies of the October 2011 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$3,135.84 for the month and \$35,322.81 year to date. Legal fees paid were \$89,009.42 year to date.

Following the review of the October financial and expense reports, Mr. Harrod made a motion to approve them as submitted that was seconded by Mr. Hensley. The motion passed by a unanimous vote of the Board.

B. Report on additional contributions need for 2012 PRB “additional allocation”

[This item was covered in the Funding Committee Meeting.]

C. Report on change of membership status — Mr. Hensley made a motion to remove Mr. Paul Malone from our pension rolls who received a monthly benefit of \$1,115.00 because he passed away on October 21, 2011 and place his widow, Mrs. Evelyn Malone, on the pension rolls to receive a benefit of \$1,115.00 monthly effective November 1, 2011 and send Mr. Malone’s estate a death benefit payment of \$6,500 with our sincere condolences. Mr. Harrod seconded the motion that passed by a unanimous vote of the Board.

D. Response to question concerning the Treasurer’s email notification.

[Tabled at Chairman’s request]

E. Report on RFQ process [01.50.58 into the pension meeting audio] — Mr. Wood made a motion to interview Eric Spencer Buchannan who responded to the Board’s RFQ for legal services. Mr. Hensley seconded the motion that passed a vote of the Board without any “No” votes and only Sara Lenehan abstaining because a relative had applied.

**Agenda Item #11. Board Member Topics of Discussion**

[01.55.29 into the pension meeting audio]

A. Mr. Wood brought up a DROP question and Mr. Young explained that the answer to his question was contained in Arkansas Code. Mr. Wood asked that his question be placed on the next month’s Agenda for a response from our Financial Consultants for clarification.

B. Mr. Young reported that the LRFOP effort to deny the retired members a vote in their elections has been determined by the State FOP President to be unconstitutional under the National FOP constitution.

**Agenda Item #12. Fund Members Comments**

[02.18.04 into the pension meeting audio]

[No pension fund members other than those on the Board were present.]

**Agenda Item #13. Other Business**

[02.18.13 into the pension meeting audio]

Mr. Harrod read from and asked that the following section of Little Rock Resolution No. 13,343 be placed in the Minutes as it was voted on and was passed by the voters on October 13, 2011:

**RESOLUTION NO. 13,343**

**A RESOLUTION TO STATE THE USES OF CERTAIN OPERATIONS AND CAPITAL SALES AND COMPENSATING USE TAX FUNDS UPON APPROVAL OF BOTH LEVIES BY THE VOTERS AT AN ELECTION TO BE HELD SEPTEMBER 13, 2011; AND, FOR OTHER PURPOSES.**

**Section 11. *Police, Fire, and Non-uniform Pension Funds.*** It is the intent of the Board of Directors that proceeds from the Operating Tax shall be expended to assist the various employee pension funds to become actuarially sound and able to provide meaningful pension to City employees, with at least \$500,000 to be provided for the Little Rock Police Pension and Relief Fund, and at least \$500,000 for the Little Rock Fire Pension and Relief Fund. [Underlined emphasis added]

**Agenda Item #14. Adjourn Meeting**  
[02.22.00 into the pension meeting audio.]

Mr. Hensley made a motion to adjourn the meeting and Mr. Harrod seconded the motion that passed by a unanimous vote of the Board at approximately 11:22 am.

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Respectfully Submitted,  
  
Stephen R. Young  
Board Secretary